

Meeting Highlights

16 NOVEMBER 2012

1. The Board received 163 submissions to the second ED of APES 230 *Financial Planning Services* which included responses from CPA Australia, Institute of Chartered Accountants Australia, the Institute of Public Accountants, other associations, Members, Dealer groups, financial institutions, consumer groups, the regulator and other stakeholders.

Scope

Subject to minor redrafting, the Board agreed in principle that the scope of the proposed Standard should cover:

- All Clients (Retail and Wholesale);
- Related taxation advice;
- Advice that does not require an AFSL such as real estate and non-product related advice on financial strategies and structures; and
- Advice relating to the procurements of loans.

Remuneration and transitional provisions

The Board agreed in principle that the Standard should be issued without delay and that it will be effective from 1 July 2013 including the following transitional provisions:

- Commissions for Financial Planning Services which are entered into prior to 1 July 2013 in respect of life insurance, other risk contracts and the procurement of loans can only be accepted by members until 30 June 2018, where the member provides additional services in respect of those contracts or loans;
- Commissions for Financial Planning Services which are entered into between 1 July 2013 and 30 June 2015 in respect of life insurance, other risk contracts and the procurement of loans can only be accepted by members up until 30 June 2018, and only if the member makes specific disclosures to and receives informed consent from Clients; and
- Financial Planning Services which are entered into from 1 July 2015 will be required to follow fee for service principles as described in the July 2012 Exposure Draft.

The Board clarified that the proposed Standard allows members to accept trailing commissions for Financial Planning Services which are entered into prior to 1 July 2013 in respect of life insurance, other risk contracts and the procurement of loans as long as the member does not subsequently provide further services in respect of those contracts or loans.

The Board further determined to prohibit third party payments from 1 July 2013. The provision of professional development for members from third parties will be excluded from this prohibition provided such professional development meets the requirements of the *FoFA* legislation.

January 2013 Update

The Board is now in the final stages of drafting the proposed standard APES 230. The Board has received additional representations from the Institute of Chartered Accountants Australia (ICAA) and CPA Australia (CPA).

The Board is considering these representations and will make a final determination in relation to the final form of APES 230 in early February 2013.

Accordingly, the Board has determined to delay the commencement date of the standard from 1 July 2013 to 1 July 2014 to allow stakeholders additional time to implement APES 230 once it is issued.

2. The Board considered the proposed APES GN 30 *Outsourced Services* and directed Technical Staff to make further editorial amendments to APES GN 30 and present a revised draft of the proposed Guidance Note for the Board's consideration. The Board agreed to defer approval of the proposed Guidance Note by circulation until the outstanding editorial matters are addressed.

3. The Board was provided a status update on the SMSF Auditor Independence project and noted that the taskforce will be providing recommendations to the Board based on the final version of the Joint Accounting Bodies' Independence Guide. The Taskforce will evaluate the guidance available therein for SMSF auditors on the application of APES 110 and then determine whether additional AUST guidance paragraphs to APES 110 are necessary and develop proposals for the consideration of the Board.

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